



How to Check Chinese Suppliers

A Guide for Online Marketplaces

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China: the fastest growing eCommerce market

Chinese retailers are dominating Amazon and other marketplaces. This can be challenging for marketplaces.

International regions such as China come with unfamiliar business practices, laws and language barriers. Company data can be patchy too.

In this guide, we'll cover what marketplaces need to consider when onboarding sellers operating in China.

Facts & Stats

- 44% of global eCommerce is owned by four Chinese companies
- China, along with the US, is expected to generate over 60% of global eCommerce sales in 2021
- There are over 200,000 Chinese businesses selling on Amazon, and this number is rising
- China-based suppliers represented 75% of new sellers on Amazon in January 2021





Amazon's China seller struggle

First, to Amazon.

Recently, Amazon revealed that it was struggling to maintain quality amongst its Chinese sellers. As part of a retrospective fix, the marketplace started cracking down in May 2021.

As of September 2021, it has so far permanently banned over 600 Chinese brands across 3,000 different seller accounts from its platform.

This action was in response to fraudulent activity, policy violation and malpractice with things like fake and incentivised reviews.

Why were Chinese sellers on Amazon banned?

The ban on fraudulent Chinese suppliers on Amazon was a long time coming. There are several malicious selling strategies and malpractice being used by sellers including using and paying for fake reviews to mislead buyers.

Reviews are commonly used by buyers as a way to verify the legitimacy of a seller or a product. But with a rise in fake and misleading reviews being posted, reviews just aren't enough anymore.

Improper use of review systems and soliciting fake reviews from consumers by offering compensation, gift cards and incentives for both positive and negative false reviews is rife.

Amazon banned the practice of incentivised reviews in 2016, but increasingly sophisticated tactics were used to get around this.

The crackdown and ban on Chinese sellers that were using fake reviews on Amazon came after the Competition and Markets Authority (CMA) launched a formal investigation into Google and Amazon to address concerns that the two were not doing enough to tackle fake reviews.



Other reasons sellers were banned

- Counterfeit products
- Multiple stealth selling accounts
- Listing hijacking
- Sabotaging competitors' product listings
- Variation abuse
- Sales tax evasion
- Product safety violations
- Stealing internal Amazon data

Verifying legitimate Chinese suppliers

Attracting new sellers, and the right kinds of sellers, is key to maintaining the reputation of your marketplace and minimising financial risk. Here's where you need to take action:

1. Seller verification

Growing marketplaces can't ignore seller verification anymore. It's crucial for marketplaces to present buyers with trustworthy sellers, whose business status, legal and financial integrity has been verified.

This is to avoid onboarding fraudulent sellers, as well as comply with Know Your Company (KYC) and Know Your Business (KYB) practices and other regulations. The marketplace operator has an obligation to collect this information and all relevant supporting documents, whether to integrate with a Payment Service Provider (PSP), when operating with a payments license or through self-governance as an exempt platform.

2. Streamlined onboarding

When attracting new sellers onto global marketplaces, the challenge often lies in onboarding. This is where many potential trade relationships struggle. Without a streamlined onboarding process, marketplaces can lose the interest of retailers keen to list their products available for sale.

Marketplaces need a way to facilitate the seller registration process easily, to ensure a seamless, streamlined and simple onboarding process on both sides.

When selecting a KYC/KYB friendly onboarding platform, it is important to consider your future growth opportunities. Many supplier verification services are regional, so you could be in danger of limiting your company data access, or having to use multiple suppliers. At Detected, we can find and verify any company in the world.

3. Increasing regulation

Marketplaces also need to be aware of how the regulatory environment is changing and what is expected of them, and need to take seller data seriously. There are a number of growing pressures and responsibilities on marketplaces to collect and report data on sellers, in order to comply with regulations and best practice.

For example, the Anti-Money Laundering standard (AML5) for the prevention of money laundering came into effect in January 2020. This requires businesses to follow KYC (Know Your Customer) processes to verify the identity of those they deal with.

Another example is from global tax authorities. The Organisation for Economic Co-operation and Development (OECD) has published the Model Rules for Reporting framework to address compliance and tax collection challenges. This means that the burden of reporting seller income to the tax authority will soon lie with the “platform operator” – i.e. a marketplace. Marketplaces must share this data with their sellers too.

Do you feel confident that your seller data is accurate, tax compliant and legally watertight?





Achieve full marketplace compliance in one step

We built our Connected Compliance API to offer better seller verification for marketplaces worldwide. To match your marketplace sellers with verified company information, director, credit and financial data no matter where in the world you operate.

During seller onboarding, Detected enables you to:

- Capture UBO (Ultimate Business Owner) information
- Verify Director ID documents (such as Passport or Government ID)
- Determine fraudulent data
- Identify PEP (Politically Exposed Person)
- Conduct sanction checks

Detected will find any company on earth.

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